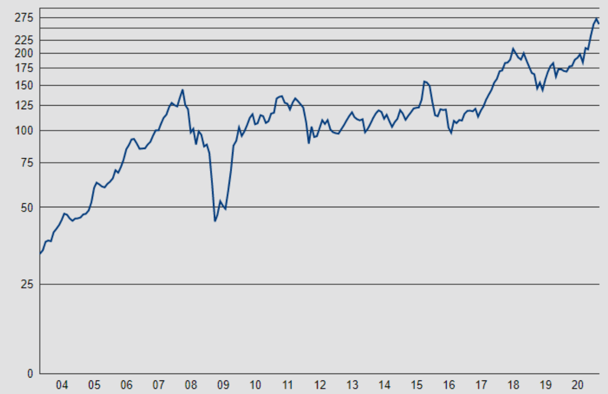
Newsletter September 2020

Figures as of	September 30, 2020
Net Asset Value	USD 259.68, CHF 186.67, EUR 283.59
Fund Size	USD 230.7 million
Inception Date*	May 27, 2003
Cumulative Total Return	689.6% in USD
Annualized Total Return	12.6% in USD

* The track record is the combination of two consecutive track records of China Investment Corporation (CIC) and HSZ China Fund (HCF). From May 27, 2003 to November 17, 2006 it is the performance of CIC, a trust account managed by HSZ (Hong Kong) Limited for listed Chinese equities. Since the launch of HCF on November 17, 2006 it is the performance of HCF.

Net Asset Value (Monthly)



Performance

	September	YTD	1 Year	May 2003
USD Class	(4.7%)	37.6%	53.1%	689.6%
CHF Class	(2.8%)	31.0%	42.2%	449.8%
EUR Class	(3.3%)	31.5%	42.7%	685.2%

Largest Holdings

CATL	9.7%
Alibaba Group	7.8%
Haidilao International	6.0%
Meituan Dianping	5.5%
China Education Group	5.4%
Haitian Flavouring & Food	5.3%

Exposure

Information Technology	22.0%
Consumer Discretionary	20.0%
Consumer Staples	19.4%
Health Care	14.3%
Industrials	14.1%
Cash	1.5%

- China aims CO2 emissions to peak before 2030
- Alibaba Group says cloud computing will turn profitable
- Geely launches new electric vehicles manufacturing platform
- Yili one step further towards consolidating leadership position

China aims CO2 emissions to peak before 2030. The Chinese President Xi Jinping announced at the United Nations General Assembly China's ambition for its carbon emissions to peak before 2030 and to reach carbon neutrality by 2060. This announcement is expected to stimulate investments in solar and battery storage technology, as the country diversifies its power mix away from coal. While China is the world's largest CO2 producer, it ranks only 38th in terms of CO2 emissions per capita, far behind many developed countries like Australia, U.S., Canada, Norway, Japan and Germany.

Alibaba Group says cloud computing will turn profitable. The Chinese e-Commerce giant, who started-off its cloud computing platform AliCloud in 2009, is confident that the cloud computing business will become profitable in the fiscal year 2021. Cloud computing has been one of Alibaba's fastest-growing businesses in recent years as it has expanded outside of China to Europe and Asia. In the June quarter, revenue from cloud computing grew by 59% year over year to CNY 12.4 billion, while still accounting for only 8% of Alibaba's total revenues. Daniel Zhang, Chairman and Chief Executive of Alibaba Group, said in an interview that cloud computing will become Alibaba's main business in the future. The company will invest CNY 200 billion in its cloud computing division over the next three years.

Geely launches new electric vehicles manufacturing platform. The Chinese new energy vehicle pioneer has completed the development of its latest manufacturing platform namely the Sustainable Experience Architecture (SEA) after more than four years of R&D and CNY 18 billion investment. The SEA platform can accommodate all forms of vehicles, including sedans, SUV, MPV, pickup trucks, etc. With the cost saving manufacturing design, Geely can better allocate resources to enhance the product upgrade, including unrivaled connectivity, shared vehicle functions, e-motor capabilities to create efficiently a better driving experience for users. SEA will be used for the nine brands under Geely Group and the first model will be the Lynk & Co Zero Concept in 2021.

Yili is one step further towards consolidating its leadership position. In September, Yili paid HKD 1.7 billion to acquire another 15.3% stake in China Zhongdi Dairy, marking another step of industry consolidation. After the deal, Yili controls 31.9% of Zhongdi Dairy, a leading dairy operator. China Zhongdi Dairy's main businesses involves the operation of dairy farms, raising and breeding cows, producing and selling raw milk and importing and selling cows. With the supply shortage in raw milk, gaining control of the entire supply chain will give Yili further potential to expand market share and to consolidate its competitive advantage in the industry.

General Information

Name	HSZ China Fund
Theme	Entrepreneurial China
Nature	Long-only equity fund, actively managed
Focus	Listed Chinese equities focusing on privately controlled companies

Structure	Swiss investment fund, regulated by FINMA, open-ended
Distributions	Income annually
Fiscal Year End	December 31
Reporting	Semi-annually in USD
Currency Classes	USD, CHF, EUR (all unhedged)
Trading	Daily issuance and redemption, based on net asset value

Fund Manager	Credit Suisse Funds AG
Custodian Bank	UBS Switzerland AG
Investment Manager	HSZ (Hong Kong) Limited
Auditors	PricewaterhouseCoopers AG
Management Fee	1.5% annually
Performance Fee	10% above hurdle rate of 5%, high water mark
Issuance Fee	None
Redemption Fee	None

USD Class	ISIN CH0026828035, Valor 2682803 WKN A0LC13 Bloomberg HSZCHID SW Equity
CHF Class	ISIN CH0026828068, Valor 2682806 WKN A0LC15 Bloomberg HSZCFCH SW Equity
EUR Class	ISIN CH0026828092, Valor 2682809 WKN A0LC14 Bloomberg HSZCHEU SW Equity
Orders via Banks	UBS Switzerland AG Fund Order Desk Tel: +4144 239 1930 Fax: +4144 239 4804

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Investment Opportunity

Once the world's largest trading power, China's gradual decline during the second millennium culminated in the Maoist purgatory. However, since the 1980s economic development has taken center stage. China has become the engine of the fastest growing region in the world attracting substantial foreign investments and developing into the world's manufacturing hub. Furthermore, an increasing middle class is fueling demand for consumer products. The growth momentum is set to continue as China strives to catch up with mature economies, producing attractive investment opportunities.

Investment Strategy

The objective of HSZ China Fund is to create sustained shareholder value by acquiring and managing equity and equity-linked investments in a select number of high-quality companies that are rooted in China. At least two-thirds of the total assets are to be invested in companies which are domiciled in China or participate as holding companies in enterprises domiciled there. At most one-third of the total fund volume can be invested in equity oriented stocks and money market instruments of issuers worldwide. Based on fundamental analysis and a bottom up approach, investment opportunities are identified that are assessed to provide above-average return on invested capital, have strong earnings per share growth and are priced attractively.

Risk Management

The Chinese stock market has many of the particular risks and characteristics of emerging markets. HSZ (Hong Kong) Limited exerts itself for reducing specific risks by accurately screening and monitoring high quality assets. That is why the long-lived experience of its specialists based locally is invaluable for investors. The fund is well diversified to avoid concentration risk. The weight of each position in the portfolio is subject to a maximum limit of 15%. No portfolio leverage is employed. The fact that HSZ China Fund invests in listed equity provides the investor with a reasonable degree of liquidity.

Investment Manager

HSZ (Hong Kong) Limited is a Hong Kong based independent investment management company. Its investment team has been managing Asian equity portfolios since 1994.